



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: Indian Trail/Stallings Occupancy Tax Auth.
Bill Number: House Bill 528 (First Edition)
Sponsor(s): Representatives Arp and Horn

SUMMARY TABLE

FISCAL IMPACT OF H.B. 528, V.1 (\$ in thousands)

	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
Local Impact					
Local Revenue	299.2	304.7	313.6	322.7	331.8
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	\$299.2	\$304.7	\$313.6	\$322.7	\$331.8

FISCAL IMPACT SUMMARY

House Bill 528 would create a taxing district consisting of the part of the Town of Stallings located within Union County and authorize that district and the Town of Indian Trail to levy an occupancy tax of up to 5%, if approved by a majority of voters in a referendum in each respective jurisdiction. The bill conforms to the Guidelines for Occupancy Tax adhered to by the House Finance Committee.

FISCAL ANALYSIS

Currently, the Town of Indian Trail does not have any establishments that would collect a room occupancy tax. According to the Town Manager, there are proposals for possibly three hotels to be constructed within the Town of Indian Trail. However, there is no estimate for when those projects might be completed.

The portion of the Town of Stallings that's located in Union County currently has two hotels with a total of approximately 240 rooms. The North Carolina Department of Commerce reports that hotel/motel room occupancy rates in North Carolina were 64.9% in 2018. The average room rate for North Carolina in 2018 was \$105.24. The chart below shows the estimate for the FY2019-20 occupancy tax collections for both the portion of the Town of Stallings in Union County and the Town of Indian Trail.

Estimated FY2019-20 Occupancy Tax Collections

	Town of Stallings	Town of Indian Trail
Number of hotels	2	0
Number of rooms	240	0
NC room occupancy rate	64.9%	64.9%
NC average room rate	\$105.24	\$105.24
Estimated revenue	\$5,983,147	\$0
Proposed occupancy tax rate	5.0%	5.0%
Estimated occupancy tax collections	\$299,157	\$0

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

MOODY'S ANALYTICS, NORTH CAROLINA DEPARTMENT OF COMMERCE, TOWN OF INDIAN TRAIL, TOWN OF STALLINGS

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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